

Anna W. Drake, No. A0909

MILLER TOONE, P.C.

165 South Regent Street

Salt Lake City, UT 84111

Telephone: (801) 363-5600

Facsimile: (801) 363-5601

Email: drake@millertoone.com

*Attorneys for Jennifer R. Hoglin, Benjamin Curtis Beckham,
Brian Meltzer, and Todd H. Turnlund*

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF UTAH, CENTRAL DIVISION**

In re:

PERSEON CORPORATION,

Debtor.

Bankruptcy No. 16-24435 (RKM)

(Chapter 11)

Honorable R. Kimball Mosier

**LIMITED OBJECTION TO DEBTOR'S MOTION FOR ORDERS
PURSUANT TO 11 U.S.C. §§ 105(a), 363, 364, 365, 503, AND 507 AND
FED. R. BANKR. P. 6004 AND 6006: (I)(A) AUTHORIZING ENTRY INTO AND
ASSUMPTION OF ASSET PURCHASE AGREEMENT, (B) AUTHORIZING BID
PROTECTIONS, (C) AUTHORIZING BIDDING PROCEDURES AND AUCTION, AND
(D) SCHEDULING SALE HEARING AND APPROVING NOTICE THEREOF;
(II) AUTHORIZING SALE OF ASSETS; AND (III) GRANTING RELATED RELIEF
[ECF NO. 24]**

Jennifer R. Hoglin, Benjamin Curtis Beckham, Brian Meltzer, and Todd H. Turnlund

(**"Former Employees"**) hereby file this limited objection to *Debtor's Motion for Orders*
pursuant to 11 U.S.C. §§ 105(A), 363, 364, 365, 503, and 507 and Fed. R. Bankr. P. 6004 and
6006: (I)(A) Authorizing Entry into and Assumption of Asset Purchase Agreement, (B)
Authorizing Bid Protections, (C) Authorizing Bidding Procedures and Auction, and (D)
Scheduling Sale Hearing and Approving Notice Thereof; (II) Authorizing Sale of Assets; and

(III) Granting Related Relief [ECF No. 24] (the “**Motion**”), and in support thereof, respectfully represent as follows:

1. Perseon Corporation, the debtor and debtor-in-possession herein (“**Debtor**”) filed a petition for relief under Chapter 11 of the United States Bankruptcy Code on May 23, 2016 (“**Petition Date**”).

2. The Debtor filed the Motion one (1) day later seeking to sell substantially all of its assets in exchange for \$4,350,000.00 plus the assumption of certain liabilities, subject to higher and better offers and Court approval (the “**Sale**”).

3. The order establishing the bidding procedures outlined in the Motion was granted on June 22, 2016, the auction (if required) will be held on July 25, 2016 (a legal holiday in the State of Utah), and the hearing to approve the sale will be held on July 26, 2016.

4. The Former Employees do not object to the relief sought in the Motion as it relates to the assumption of the APA¹.

5. The Debtor has indicated that it intends to file a plan and disclosure statement that will outline how the proceeds from the Sale (“**Net Proceeds**”) will be disbursed. At the present time, the Debtor appears to be unable to give assurances to creditors that any funds will be available from the Net Proceeds to fund payments to unsecured creditors.

6. The Motion did not disclose the substantial payments that were anticipated to be paid to Clint Carnell or SunTrust Robinson Humphrey in connection with the Sale.

¹ Capitalized terms herein shall have the same meanings as set forth in the Motion.

7. It does not appear that any monthly operating reports have yet been filed by the Debtor, so it is not possible to determine what funds have been spent by the Debtor since the Petition Date.

8. Due to the current lack of disclosure relating to the use of the Net Proceeds, or the current condition of the Debtor, the Former Employees request that certain disclosures be made and evidence be presented in connection with granting the Motion, including the following:

- (A) When will the plan and disclosure statement be filed?
- (B) Does the Debtor have sufficient funds on deposit at the present time to ensure that all of the Net Proceeds are available to pay claims?
- (C) How much has the Debtor spent for operations since the Petition Date?
- (D) What is the current accrual of administrative expenses?
- (E) What additional attorneys' fees and costs are anticipated in connection with the closing of the sale and in connection with the plan and disclosure statement?
- (F) What additional expenses will be incurred to close the sale and wind up the estate?
- (G) What is the Debtor's estimate of the value to be returned to unsecured creditors?

2. The Former Employees respectfully request that the following conditions be imposed upon the Debtor if the Motion is granted:

- A. All Net Proceeds shall be held in a separate segregated account pending confirmation of a plan of reorganization.

B. All monthly operating reports shall be kept current.

C. No administrative expenses, including payment of bonuses or fees, shall be paid from any sources until the plan has been confirmed.

DATED this 11th day of July, 2016.

/s/ Anna W. Drake

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MILLER TOONE, P.C.

165 South Regent Street

Salt Lake City, Utah 84111

*Attorneys for Jennifer R. Hoglin, Benjamin
Curtis Beckham, Brian Meltzer, and Todd H.
Turnlund*

CERTIFICATE OF SERVICE - BY NOTICE OF ELECTRONIC FILING (CM/ECF)

I hereby certify that on July 11, 2016, I electronically filed the foregoing Limited Objection with the United States Bankruptcy Court for the District of Utah by using the CM/ECF system. I further certify that the parties of record in this case, as identified below, are registered CM/ECF users and will be served through the CM/ECF system:

- Jeffrey M Armington armington.jeff@dorsey.com, asmus.natasha@dorsey.com; ventrello.ashley@dorsey.com
- Kenneth L. Cannon kcannon@djplaw.com, khughes@djplaw.com
- Anna W. Drake drake@millertoone.com
- Michael R. Johnson mjohnson@rqn.com, docket@rqn.com; dburton@rqn.com
- John T. Morgan jr john.t.morgan@usdoj.gov, James.Gee@usdoj.gov; Lindsey.Huston@usdoj.gov; Suzanne.Verhaal@usdoj.gov
- Penelope Parmes Penelope.Parmes@troutmansanders.com
- E. Scott Savage ssavage@sywlaw.com
- United States Trustee USTPRegion19.SK.ECF@usdoj.gov
- Steven T. Waterman waterman.steven@dorsey.com, bingham.karen@dorsey.com; ventrello.ashley@dorsey.com

CERTIFICATE OF SERVICE - MAIL, OTHER

I hereby certify that on July 11, 2016, I caused to be served a true and correct copy of the foregoing Limited Objection as follows:

Mail Service - By regular first class United States mail, postage fully pre-paid, addressed to:

Jeffrey Chubak, Esq.
Storch Amini & Munves PC
2 Grand Central Tower
140 East 45th Street, 25th Floor
New York, NY 10017

/s/ Anna W. Drake